



BellSouth Telecommunications, Inc. 502-582-2167
4th Floor FAX 502-582-0667
601 W. Chestnut Street
Louisville, KY 40203

Joan.Coleman@bellsouth.com

Joan A. Goleman
Vice President
Regulatory & External Affairs

June 10, 2003

Thomas M. Dorman
Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
P. O. Box 615
Frankfort, Kentucky 40602-0615

Dear Mr. Dorman:

Pursuant to the Kentucky PSC's May 20, 2003 order in KY PSC Case No. 2002-0310, BellSouth is providing advance notice to the Kentucky Public Service Commission (PSC) of BellSouth's intent to disconnect Delta Phones, Inc. for non-payment.

BellSouth's records indicate that Delta Phones, Inc. is delinquent in payment of its bills to BellSouth in the amount of \$2,221,869.53. Of this amount, \$279,965.62 is overdue for services provided in Kentucky to Delta Phones, Inc. Attempts to collect past due amounts from Delta Phones, Inc. have been unsuccessful. BellSouth made numerous written notifications to Delta Phones, Inc. informing them of BellSouth's intent to suspend or terminate services consistent with the terms and conditions of Section 1.7 of Attachment 7 of the Interconnection Agreement between Delta Phones, Inc and BellSouth. Attached is BellSouth's last written notice to Delta Phones, Inc. On or about June 24, 2003, BellSouth will begin to discontinue services provided to Delta Phones, Inc. if payments are not received by June 23, 2003. Disconnection of Delta Phones, Inc. services will impact approximately 1,537 of its Kentucky customers. ✓

Under terms of their Interconnection Agreement, Delta Phones, Inc. is solely responsible for notifying its end users of the proposed service disconnection. BellSouth is copying Delta Phones, Inc. to remind them of their obligation to notify their end users of this situation regarding pending disconnection of services.

Should the Commission determine the need to invoke BellSouth's Emergency Service Continuity Tariff, BellSouth will take steps to notify the affected end users and inform them that they may continue to receive telecommunications services through The

Emergency Services Continuity Plan for a minimum of fourteen (14) days and that the end user must transition to a new service provider.

Should you or the staff have any questions concerning this filing or need additional information, Mike Hayden, of my staff, is familiar with this matter and can be reached on (502) 582-8180.

Very truly yours,

Joan A. Coleman

cc: Delta Phones, Inc.

Attachment

May 29, 2003

Delta Phones, Inc.
Attention: Mr. Richard Talon, President
245 Illinois Street
P.O. Box 784
Delhi, Louisiana 71232

PLEASE REMIT PAYMENT TO:
BellSouth Network & Carrier Services
250 Williams Street
Suite 5010 NW
Atlanta, Georgia 30303

Dear Mr. Talon:

Attempts to collect past due amounts from Delta Phones have been unsuccessful and to date full payment has not been received. All accounts are currently in default in the amount of \$2,221,869.53 and subject to disconnection.

A breakdown of these accounts is \$353,085.80 in Alabama, \$29,995.51 in Florida, \$890,729.71 in Louisiana, \$279,965.62 in Kentucky, \$38,680.85 in Mississippi, \$403,386.22 in Tennessee, \$63,742.79 in North Carolina, and \$162,283.03 in South Carolina. Pursuant to the Resale Agreement between BellSouth Telecommunications, Inc. and Delta Phones, Inc. consider this letter written notice that BellSouth will proceed with the discontinuance of existing services in Alabama, Florida, Louisiana, Kentucky, Mississippi, Tennessee, North Carolina, and South Carolina on June 23, 2003. Pursuant to the Agreement, it is Delta Phones' responsibility to notify its end users of this impending disconnection.

In order to continue services, Delta Phones must pay, in immediately available funds, the present undisputed balance in the sum of \$2,221,869.53 to BellSouth. In order to prevent disconnection of services in Alabama, Delta Phones must pay \$353,085.80. In order to prevent disconnection of services in Florida, Delta Phones must pay \$29,995.51. In order to prevent disconnection of services in Louisiana, Delta Phones must pay \$890,729.71. In order to prevent disconnection of services in Kentucky, Delta Phones must pay \$279,965.62. In order to prevent disconnection of services in Mississippi, Delta Phones must pay \$38,680.85. In order to prevent disconnection of services in Tennessee, Delta Phones must pay \$403,386.22. In order to prevent disconnection of services in North Carolina, Delta Phones must pay \$63,742.79. In order to prevent disconnection of services in South Carolina, Delta Phones must pay \$162,283.03. Also, payments are expected for any current bills that may become due. If service is interrupted, full non-recurring charges will be applicable to reestablish service.

If you have questions regarding your account, please contact the Billing Operations Manager, Leisa Mangina, at (205) 714-7359.

Sincerely,

Original signed by Gary Patterson

APPENDIX B

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2003-00243 DATED JUNE 24, 2003



June 21, 2003

Mr. Thomas Dorman
Executive Director
Kentucky Public Service Commission



VIA FACSIMILE: 502-564-7279

RE: Delta Phones v. BellSouth disconnection issue

Dear Mr. Dorman:

I am writing with respect to any concerns that the Kentucky Public Service Commission may have over the billing dispute between Delta Phones, Inc. and BellSouth Communications, and its potential impact on Delta Phones' subscribers. I would appreciate the ability to discuss this matter with you, and look forward to working with the Commission to overcome the significant issues that confront our companies as we work through our disputes.

Just so that you are aware, Delta Phones, Inc. plans to file a formal complaint containing multiple counts of billing and provisioning abuses against BellSouth this coming week. It is our hope that the Commission will be able to assist the Parties in the expeditious resolution of those issues, so that the companies can resume a mutually profitable relationship.

In the interim, there is a significant concern that current Delta Phones' customers not lose service from the carrier that they have chosen, during the litigation of this complaint. For a number of different reasons, it is completely inappropriate for the Commission to allow BellSouth to switch any Delta Phones customers under any circumstances. In the first place, BellSouth has improperly converted a \$544,000 Letter of Credit, and then failed to apply it to any outstanding amounts. Second, BellSouth has acknowledged that it owes Delta Phones over \$200,000 for CREX credits that it has refused to apply to outstanding amounts. Finally, under the terms of the Interconnection Agreement between the Parties, BellSouth can only disconnect Delta Phones' customers if Delta Phones has not paid or disputed any outstanding amounts. Delta Phones-BellSouth Interconnection Agreement, Attachment 7, §1.7.2 states, in pertinent part:

"BellSouth reserves the right to suspend or terminate service for nonpayment. If payment of amounts not subject to a billing dispute, as described in Section 2, is not received by the bill date in the month after the original bill date, BellSouth will provide written notice to Delta Phones that additional applications for service may be refused, that any pending orders for service may not be completed, and/or that access to ordering systems may be suspended if payment is not received by the fifteenth day following the date of the notice. . ."

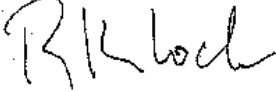
Delta Phones has raised valid, bona fide disputes valued in the millions of dollars. Therefore, Delta Phones is hereby requesting that the Commission require BellSouth to cease and desist from any and all activities associated with the disconnection, migration or other disturbance of the telecommunications services of current Delta Phones' customers from Delta Phones.

Delta Phones, Inc.
P.O. Box 784
Delhi, LA 71232
800-814-8623
www.deltaphones.com

From the facts before you, it is clear that BellSouth has in its possession almost \$800,000 of Delta Phones' money that it has refused to apply to outstanding accounts, in order to force the company out of business. As such, there is no justification to disconnect or move any Delta Phones' customers, as all outstanding invoices have either been paid in full, or are the subject of legitimate, good faith disputes.

I am available to discuss any aspect of this matter, and look forward to working with the Kentucky Public Service Commission to resolve the issues before us. I can be reached at 866-824-8328.

Respectfully,



Robert K. Lock
On Behalf of
Delta Phones, Inc.

Cc: Richard Tolan



Delta Phones, Inc.
P.O. Box 784
Delhi, IA 51232
800-814-8623
www.deltaphones.com